Message Text

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PAGE 01 STATE 151476 ORIGIN EB-07

INFO OCT-01 AF-10 EUR-12 ISO-00 AGRE-00 COME-00 TRSE-00 OMB-01 STR-04 ARA-10 SP-02 CIAE-00 INR-07 NSAE-00 /054 R

DRAFTED BY EB/ICD/TRP:MMWALL:BLO APPROVED BY EB/ICD/TRP:TJO'DONNELL -----130378 292245Z/65

R 291951Z JUN 77 FM SECSTATE WASHDC TO AMEMBASSY ANTANANARIVO INFO AMEMBASSY LONDON

LIMITED OFFICIAL USE STATE 151476

E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: BRAZILIAN COFFEE PURCHASES

REFS: (A) ANTANANARIVO 1144, (B) ANTANANARIVO 1086, (C) TANANARIVE 1485 (1976)

- 1. REFTEL A INDICATES SOME MISUNDERSTANDING ABOUT THE PRESENT COFFEE AGREEMENT ON THE PART OF THE MINISTER OF ECONOMY AND COMMERCE OFFICIAL. THE AGREEMENT IS FOR A PERIOD OF SIX YEARS, OR UNTIL SEPTEMBER 30, 1982. BASIC QUOTAS WILL BE BASED ON EXPORTS TO IMPORTING MEMBERS DURING THE FIRST TWO YEARS OF THE AGREEMENT. THESE QUOTAS WILL CONSTITUTE 70 PERCENT OF THE TOTAL QUOTA AND BE FIXED FOR THE LIFE OF THE AGREEMENT.
- 2. THE QUANTITY OF COFFEE THAT MADAGASCAR SHIPS TO IMPORTING MEMBERS NOW WILL DETERMINE HOW MUCH COFFEE IT LIMITED OFFICIAL USE

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WILL BE ENTITLED TO SHIP UNDER ITS BASIC QUOTA ONCE QUOTAS COME INTO EFFECT. THE COFFEE IT EXPORTS TO BRAZIL OR ANY OTHER EXPORTING MEMBER WILL NOT BE COUNTED TOWARD ITS BASIC QUOTA.

3. THE REPORTED SALE OF 10,000 TONS OF COFFEE TO BRAZIL (REFTEL B), TOGETHER WITH THE PREVIOUS SALE OF 10,000 TONS

IN SEPTEMBER 1976 (REFTEL C), COULD REDUCE MADAGASCAR'S BASIC QUOTA CONSIDERABLY. IF ITS EXPORTS CONTINUE THROUGH COFFEE YEAR 1976/77 AND 1977/78 AT THE SAME RATE AS DURING THE TWO PREVIOUS COFFEE YEARS, THESE SALES WOULD CUT ITS BASIC QUOTA BY 15 PERCENT.

- 4. TODAY'S PRICES MAY REPRESENT A TEMPORARY BOOM IN COFFEE EXPORT REVENUES, BUT THEY CANNOT BE SUSTAINED. THERE IS ALREADY STRONG EVIDENCE THAT ROASTINGS AND CONSUMPTION IN THE U.S. HAVE ALREADY DROPPED CONSIDERABLY. PRICES AT DOLS. 2.50/3.00 PER POUND WILL RESULT NOT IN A PERMANENT AND CONTINUING TRANSFER OF RESOURCES TO DEVELOPING COUNTRIES BUT MORE PROBABLY IN PERMANENT REDUCTIONS IN THE MARKETS FOR THEIR EXPORTS.
- 5. EMBASSY MAY DRAW ON ABOVE IN RESPONDING TO MISS GUERRA. VANCE

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PAGE 01 STATE 151476 ORIGIN ARA-14

INFO OCT-01 ISO-00 EB-07 /022 R

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DRAFTED BY:ARA/ECA/TSHUGART APPROVED BY:ARA/ECA:RWZIMMERMANN EB/ICD/TRP:TJO'DONNELL

-----042035 021910Z /42

R 020530Z JUL 77 FM SECSTATE WASHDC TO AMCONSUL RIO DE JANEIRO AMEMBASSY BRASILIA AMCONSUL SAO PAULO

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FOLLOWING REPEAT STATE 151476 ACTION ANTANANARIVO INFO LONDON JUN 29.

QUOTE LIMITED OFFICIAL USE STATE 151476

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	Margaret P. Grafeld	Declassified/Released	US Department of State	EO Systematic Review	22 May 2009
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Message Attributes

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Decaption Note:

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Subject: BRAZILIAN COFFEE PURCHASES

TAGS: ETRD, EAGR, MA, BR To: ANTANANARIVO

Type: TE

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Review Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

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